

FOR TAX YEARS 1993 OR 1994 (MARRIED FILING JOINT RETURN)

	Original	Recalculated
1. Adjusted Gross Income (w/ travel reimbursement)	\$75,246	\$75,246
2. Subtract travel reimbursement		(15,482)
3. Subtract personal exemptions and itemized or standard deductions	(12,689)	(12,689)
4. Adjusted taxable income	62,557	47,075
5. Tax liability on adjusted taxable income:		
a. Federal	17,516	\$7,061*
b. State, VA (5.75% tax bracket)	3,597	(15%)
c. Local: Not applicable	0	2,707
d. Total	0	0
6. Difference of total of column 1 minus total of column 2: Additional Taxes Incurred due to travel reimbursement—\$11,345	21,113	9,768
7. Add to the tax difference:		
a. Penalty Payment imposed by IRS tax year 1993—1,500		
b. Interest Payment imposed by IRS tax year 1993—1,500		
Total 6 and 7a and b = ITRA—\$14,345**		

* Adjusted taxable income places employee in lower tax bracket.

** The ITRA reimbursement is taxable income for the year in which paid at the appropriate Federal, State and local income tax rates.

[64 FR 32813, June 18, 1999, as amended by FTR Amdt. 2008-04, 73 FR 35953, June 25, 2008]

§ 301-11.536 Is the ITRA reimbursement considered to be income to the employee?

Yes. The ITRA reimbursement is considered taxable income in the year paid and is subject to tax withholding as any other income.

§ 301-11.537 Are income taxes to be withheld from the ITRA?

Yes, as determined by your internal tax withholding procedures established for your agency pursuant to IRS procedures.

§ 301-11.538 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?

Yes, if the employee mutually agrees in writing to the lump sum payment and understands that he/she is responsible for any income taxes without further reimbursement. (See the illustration in § 301-11.527.)

§ 301-11.539 If the employee does not elect a lump sum payment, how is the tax on the ITRA calculated?

The tax on the ITRA reimbursement should be calculated using the Year 2 formulas developed for the relocation income tax allowance. (See § 302-11.8.)

§ 301-11.540 How do we handle any excess payment?

You must collect any excess payments, which includes issuing corrected W-2's or 1099's.

Subpart F—Income Tax Reimbursement Allowance (ITRA), Tax Years 1995 and Thereafter

SOURCE: 64 FR 32815, June 18, 1999, unless otherwise noted.

GENERAL

§ 301-11.601 What is the Income Tax Reimbursement Allowance (ITRA)?

The ITRA is an allowance designed to reimburse Federal, State and local income taxes incurred incident to an extended TDY assignment at one location.

§ 301-11.602 Who is eligible to receive the ITRA?

An employee (and spouse, if filing jointly) who was in a TDY status for an extended period at one location and who incurred Federal, State, or local income taxes on amounts received as reimbursement for official travel expenses.